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RUEHKO/AMEMBASSY TOKYO IMMEDIATE 1868  
RUEHWL/AMEMBASSY WELLINGTON IMMEDIATE 0073  
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SUBJECT: AMBASSADOR GOLDBERG DELEGATION MEETINGS IN BANGKOK  
ON UNSCR 1874 IMPLEMENTATION

Classified By: Deputy Chief of Mission James F. Entwistle, reasons 1.4  
(b) and (d)

11. (C) Summary. During meetings with the Thai Ministry of Foreign Relations and the Bank of Thailand, Ambassador Philip Goldberg and delegation stressed the importance of full implementation of United Nations Security Council Resolutions 1874 and 1718. Thai Foreign Ministry officials reiterated Thai government commitment to implementation of the resolutions but stressed that information sharing would go far in alleviating Thai interagency concerns regarding "reasonable grounds" for inspections. Bank of Thailand officials emphasized that Thai financial institutions understood commitments prescribed in the resolutions but described low levels of trade and financial transfers between Thailand and North Korea. End summary.

#### CALL FOR HEIGHTENED INSPECTION REGIME

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12. (SBU) Ambassador Philip Goldberg, U.S. Coordinator for Implementation of UNSCR 1874, led an interagency team on a visit to Bangkok August 21. The delegation met with senior officials from the Ministry of Foreign Affairs (MFA) and the Bank of Thailand (BoT) to consult on the implementation of UN Security Council Resolutions 1874 and 1718 regarding North Korea.

13. (C) During a meeting at the Foreign Ministry, Ambassador Goldberg, accompanied by the DCM, stressed to Deputy Permanent Secretary Chitrya Pintong that the USG hoped that international implementation of United Nations Security Council Resolutions (UNSCR) 1718 and 1874 would bring the DPRK back to Six Party Talks in order to achieve denuclearization of the Korean Peninsula. The United States was willing to conduct bilateral discussion with the DPRK, but within the context of the Six-Party Talks. Goldberg underlined the importance of the international community working together to implement UNSCRs designed to encourage North Korea to abide by its commitments and rejoin the six-party talks. That China and Russia had agreed to the more rigorous sanctions regime in UNSCR 1874 was significant and signaled the threat posed by North Korea. Ambassador Goldberg highlighted for Chitrya that UNSCR 1874 was unique in that it provided for a minimum level for enforcement rather than a ceiling on actions. As such, heightened monitoring of financial transactions and inspections of shipments involving North Korea was absolutely necessary.

14. (C) DPS Chitrya reiterated the RTG's commitment to enforce

UNSCR 1718 and 1874 but relayed challenges in working with other Thai agencies because Thai national legislation lacked provisions for indemnity from liability in the case that a ship was delayed for inspection and prohibited items were not found. That said, Chitrya highlighted cooperation with the U.S. in the form of information sharing as the likely best option to address this problem. In response, Ambassador Goldberg and delegation pointed to language in resolution that called for inspections of shipments to and from North Korea if there were "reasonable grounds" that cargo was prohibited by UNSCR 1718 or 1874.

15. (C) Director-General for International Organizations Anuson Chinvanho said that when the Thai interagency met to discuss implementation of UNSCR 1874 some agencies, such as the Port Authority of Thailand, had questioned the meaning of "reasonable grounds" and asked whether there was an established definition of term. Ambassador Goldberg said "reasonable grounds" could be appropriately defined by facts and circumstances. For example, actions taken by the North Korean ship Kang Nam I were suspicious and had led to the conclusion that inspection of the ship would have been appropriate on basis of reasonable grounds. Furthermore, with the seriousness of concerns of DPRK proliferation of nuclear program material or ballistic missiles, it was important to correspondingly heighten the level of scrutiny.

16. (C) NSC Director Chuck Lutes added that the intention of UNSCR 1874 was to bring transparency to transactions and shipments involving North Korea, and that this was the key aspect to the inspections regime. Lutes highlighted for the

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MFA that the resolution did not intend for confrontations on the high seas, as this was not the most suitable place for cargo inspection. Rather procedures such as "hail and query" were available to gather information and possibly achieve consensual boarding or to direct a ship to a port.

17. (C) DG Anuson described many Thai agencies as reluctant to take actions that could result in exposure to risk. While Thai agencies understood responsibilities under a UNSCR, they would likely not feel compelled to "stick their necks out" without clear signs that a ship was carrying prohibited cargo. As such, information sharing by USG would go far in answering the concerns of Thai agencies. Goldberg also highlighted the Panel of Experts on UNSCR 1874 that the UN had appointed as a source of clarification on Thai concern over potential liability should inspections cause delays of commercial deliveries.

18. (C) DG Anuson downplayed exchange between Thailand and North Korea, as RTG statistics showed that the primary areas of trade were food goods and consumer products. In addition, North Korea owed Thai companies payment for past shipments of rice; as such Thai businesses were understandably reluctant to enter into trade with the DPRK. Ambassador Goldberg highlighted that although the amount of direct trade with North Korea may be low, the Thai Port of Laem Chabang was an important link in maritime shipping in Southeast Asian.

#### FINANCIAL MEASURES

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19. (C) During a call by the delegation on Bank of Thailand Assistant Governor Krirk Vanikkul, Ambassador Goldberg highlighted language in UNSCRs 1874 and 1718 that called for enhanced monitoring of all financial transactions with North Korean entities given the difficulty in distinguishing between licit and illicit transactions. While the U.S. did not want to interfere with food shipments or humanitarian initiatives, it was important to impress upon banks the level of risk involved. The resolution provided for broad monitoring as it spoke to sanctions when funds could be used for military-use programs. In response, the U.S. Treasury had sent out an advisory to U.S. banks on the resolutions to

help them understand the monitoring requirements. Ambassador Goldberg also highlighted to Krirk that it was important for Thai banks to increase vigilance, especially in regard to cash deposits, because North Korea often conducted business in cash.

¶10. (C) Jennifer Fowler of Treasury highlighted that the financial provisions of UNSCR 1874 that build upon existing international anti-money laundering standards, such as due diligence, suspicions activity reporting, and risk-based analysis. The resolutions comprise three primary areas: transactions, movement of funds, and provision of financial services. The provisions attempted to address concerns about illicit financing activities posed by North Korean individuals and entities. Measures that could facilitate implementation included enhanced monitoring, asset freezes, review of correspondent relationships, and vigilance in regard to cash deposits. Fowler explained that complying with the many layers of North Korea sanctions was not an easy task for banks, but vigilance is necessary because doing business with North Korea exposed banks to significant risks.

¶11. (C) Krirk said the Bank of Thailand understands Thailand's commitments spelled out in the resolutions. The BoT sent an advisory to Thai banks and has reviewed transactions involving North Korea. As the Thai economy is export-oriented, Thai banks are reluctant to become involved in transactions involving the DPRK due to fears of repercussions from designation by the United Nations or the U.S. In addition, trade with North Korea is low. According to BoT statistics, annual payments to and from North Korea amounted to approximately \$2 million per year. The BoT will continue to look for suspicious financial activity and work with Thai banks to conduct due diligence in reviewing transactions. Krirk thanked the delegation for sharing information on USG activities, including the Treasury advisory, and said the BoT would study the advisory in order

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to better clarify responsibilities for Thai banks.

¶12. (U) The Ambassador Goldberg delegation cleared this cable.

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